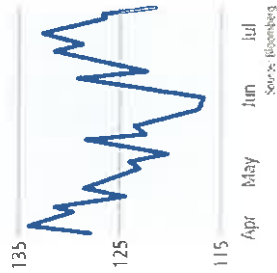


Drought knocks Astral shares down

Sandile Mchunu

Astral Foods

Share price, rand **Apr 20 - Jul 20**
Close R121.10



ASTRAL Foods' share price took an almost 4 percent dive in early trade on the JSE yesterday after the animal food producer told its shareholders that the devastating drought that had ripped through the country had impacted negatively on its poultry business. Astral said feed costs had continued to escalate as the drought hit maize output hard.

Chief executive Chris Schutte said the situation was expected to continue into next year until projections of a better maize crop for the new 2016/17 planting season materialised.

"The prospects contained in the interim results alerted shareholders about the negative impact that high feed costs, poultry imports and the weak consumer market would have on the results of the group for the year ending September 30," Schutte said.

In May the group announced in its interim results to end March that operating profit had dropped 22 percent to R429 million, down from R550m as a result of the imports and other factors weighing down the industry.

"During the third quarter



Astral says the high cost of stockfeed due to drought has negatively impacted its poultry food production.

PHOTO: SIMPHANE MIBOKAZI

R4 485 Cost per ton of white maize in drought-stricken SA

cultural economist at First National Bank, also said the industry faced many challenges because of the drought, which had led to job losses and high input costs.

El Niño

Makube, however, said the country might have seen the worst of the drought for now.

"As South Africa gets closer to the predicted weakening of the El Niño pattern, and a transition into La Niña, there is a high probability of above normal rainfall early in sum-

mer, which would lead to a good 2016/17 crop season," Makube said.

"Due to the impact of the drought, the country will be a net importer of maize this year as a result of domestic supply shortages. We experienced a shortage of both the yellow and white maize, which are commonly used for livestock feed and staple food, respectively. The sector also shed an estimated 37 000 jobs in the fourth quarter last year."

Astral Foods shares dropped 3.51 percent yesterday on the JSE, to close at R121.10.

the poultry industry, the industry would consider downsizing its production permanently to adapt to the current market circumstances.

"We will strive to optimally and effectively manage the factors within our control."

Paul Makube, a senior agri-